

Pennell charts brand business goals and priorities

The following is an interview with RJR Senior Vice President – Brands/Marketing Operations, G. Clifton (Cliff) Pennell. He started his career at R.J. Reynolds Tobacco Co. in field sales in 1979. Pennell feels his sales background provides him with a "street sense" understanding of RJR's consumers, as well as a solid grasp of the tobacco business from a customer/trade standpoint. This knowledge, he says, has enhanced his ability to market R.J. Reynolds' cigarette brands.

Q: What are your areas of responsibility within Reynolds Tobacco?

A: I am responsible for the savings business unit, which includes Doral, all other RJR value brands and Forsyth Tobacco Products (R.J. Reynolds' private-label division). Vantage, More, NOW, Moonlight Tobacco Company, marketing operations and Sports Marketing Enterprises also report to me.



Cliff Pennell, senior vice president – brands/marketing operations, thinks that the company's 1997 goals for Doral are very aggressive, but also very achievable. Pennell is standing beside an example of Doral's new advertising, which is designed to bring a new, stronger look to the brand's "Cares More" positioning.

Q: As an executive of Reynolds Tobacco, what is your vision for our savings-brands business?

A: My vision for RJR's savings-brands business fits into the overall vision we have as a company — to become a stronger number-two marketplace competitor than we are today. And, we have set our savings-business priorities with this in mind. In 1997, our priorities are to meet or exceed the corporate objectives set for savings brands, identify additional ways to lower costs without compromising effectiveness and move with an extreme sense of urgency.

The role of the savings-business unit is to be a strong competitor in the value segment, while maintaining a corporate focus on the total business. Doral is our core brand and the nucleus of RJR's savings business.

Q: The 1997 employee goals on Doral, which are directly tied to the employee bonus, are ambitious. Do you feel that a 1.73% share increase is achievable?

A: This year's goals for Doral are very aggressive, but they are also very achievable. Our goals assume that the brand will maintain the same momentum and growth trend it delivered in 1996. Doral has shown continued growth over the last two years, which gives us confidence that we can sustain the brand's momentum and achieve or exceed our goals.

Doral is a tremendous success, and everyone at RJR should be proud of the brand. Doral is RJR's largest brand (based on shipments), America's best-selling value brand and the third-largest brand in the industry today (based on shipments) — behind only Marlboro and Newport.

What's most impressive, however, is how we ►►►

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CLIFF PENNELL INTERVIEW

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have achieved this growth on Doral. We took a brand that was based solely on price — a “cheap” cigarette — and developed a positioning that made it relevant to adult smokers, beyond just price. We call it the Doral “Cares More” positioning, and it is based on a principle that has withstood the test of time ... offer a high-quality product at a fair price and provide superior service and support. This positioning has enabled us to grow our share of market and volume on Doral and, at the same time, make the brand more profitable.

Q: What can we expect from Doral in the future?

A: Part of effectively positioning and building equity on any brand is ensuring that the brand is vital. If there are always new and interesting things going on with a brand, then consumers have relevant reasons to choose your product. The same is true for Doral. For instance, in 1994 we updated Doral's packaging. Later in 1994, we developed Doral & Company, an ongoing direct-mail, relationship-marketing program. During this same time period, we also improved the quality of Doral's product. In 1995, we introduced the Doral “pack tear” advertising campaign, which brought the brand's “Cares More” positioning to the masses.

While these changes have resulted in strong growth for the brand, the Doral team continues to make improvements so that the positive momentum will continue. Our most recent brand improvement is the “Doral Oval” advertising campaign, which began appearing in magazines this month. This campaign replaces the “pack tear” campaign and brings a new, stronger look to our “Cares More” positioning. The campaign was developed in partnership with our agency of record, Coyne Beahm, which is located in Colfax, N.C. Using the Doral pack as the background, the ads continue to feature real Doral smokers, as well as the employees who manufacture and provide support service to the brand. It is our belief that this campaign provides a better balance of rational and emotional benefits associated with the brand's positioning, projects a more contemporary look and offers a format that can be used at retail and in other areas of our marketing mix (*Caravan* will feature the new campaign in the May issue).

As you can see, we have done a lot in the past few years to improve adult smokers' perceptions of Doral. And now that the brand is growing, we have to keep working to constantly improve our marketing efforts. Accordingly, you will see additional enhancements to Doral in the future.

Q: You mentioned Forsyth Tobacco Products, a division of RJR that makes private-label brands. How does Forsyth Tobacco Products fit into the savings business unit goals?

A: Forsyth Tobacco produces cigarette brands that are sold exclusively in specific stores in specific parts of the country. Strategically, Forsyth Tobacco is very important to RJR because it allows us to have private-label partnerships that impact both our full-price business and Doral. Simply put, RJR's total share and profitability is higher where we have a “full partnership” with the trade. Forsyth Tobacco is a vital part of that partnership.

Q: Would you update us on Moonlight Tobacco?

A: I continue to feel positive about the long-term potential of Moonlight Tobacco Company. We are monitoring its performance closely and, as we learn more, we're making enhancements to the overall proposition.

Moonlight is intended to somewhat mirror the “micro-breeds” concept in the beer industry by offering adult smokers alternatives to mass-marketed brands. In Moonlight's case, this means offering adult smokers innovative cigarette brands and unique package designs. In our test market on this concept, we are trying to learn how big of an opportunity Moonlight Tobacco offers RJR on both a volume and profit basis. Accordingly, we will continue to support the concept with limited resources and assess its potential.

I will say, however, that Moonlight Tobacco Company is a perfect example of what RJR employees can do when they pool their talent and energy. While a couple of individuals may have led this effort, numerous employees played a vital role in making Moonlight happen by pitching in and helping out above and beyond their day-to-day accountabilities. I am sure this broad level of support and enthusiasm will continue as we move forward under the direction of Melinda Simmons, the new general manager of Moonlight Tobacco Company, and Diane Roberts, director of product development. Melinda is ideal for her new position given her broad marketing experience and her most recent involvement in the new business development area. Diane brings continuity and experience to the proposition given her involvement with Moonlight Tobacco Company since its inception.

Q: What activity is taking place on Vantage, More and NOW?

A: On the Vantage, More and NOW brands, we are directing resource support where we believe both short- and long-term volume and profitability can be realized. One of our areas of focus continues to be relationship

marketing through direct mail. Our franchise smokers for these brands are extremely loyal, and it is important that we continue to reinforce our commitment to them.

Q: One of the largest groups reporting to you is marketing operations. What is the role of this department?

A: No matter how good an idea or plan looks on paper, it will not work if it is not effectively executed. Marketing operations does a tremendous job in making sure that all operational activities are carried out as effectively and efficiently as possible.

I'd characterize the people in this group as some of the company's unsung heroes. Ed Blackmer, vice president of marketing operations, and his group are accountable for all marketing operations and sales materials functions. Included in this area are database marketing, sales and marketing materials operations, media, and consumer relations. The effectiveness delivered by these various areas is impressive and has truly made a difference for RJR's brands and the company as a whole.

Q: Sports Marketing Enterprises (SME) has recently been brought under your direction. How does SME fit into brand marketing?

A: SME is, perhaps, one of the most underestimated and misunderstood areas within the company. Although some may view SME as just a group of employees involved in motor sports, I can assure you that there is much more to the function than attending races.

There are two aspects of SME. First and foremost, SME's role is to support RJR brands. RJR's brand business units determine which brands will participate in special events. That decision is based on the same criteria, standards and expectations that determine any resource allocation (advertising and direct marketing, for example) for a brand. Once a brand makes the decision to be involved in a special event, then SME assumes accountability for the development and execution of brand activities while working closely with the brand business unit. Historically, SME has been primarily involved in motor sports sponsorships. SME, however, has evolved in its support of our brands into other areas. For example, with the Camel brand, there is the Smoking Joe's/Camel racing-team sponsorship in the NASCAR/Winston Cup series. Additionally, there is also a super bike (motorcycle) race team for Camel. SME is also working with the Camel business unit to sponsor motorcycle rallies throughout the country. Recently, SME has assisted Camel in establishing the brand's presence and involvement/sponsorship with billiards at both the amateur and professional levels.

While SME's primary role is to support special events, activities and sponsorships for RJR brands, the division is also looking for new ways to develop the sports marketing business. The objective of SME's new business development group is to function as a profit center for R.J. Reynolds and enhance the company's overall involvement in motor sports by providing expertise to select third-party companies. Current outside clients include Lowe's Home Improvement, sponsor of Mike Skinner's #31 NASCAR/Winston Cup series entry, and Catalyst Communications, sponsor of numerous motor-sports teams including NASCAR/Winston Cup, NHRA Winston Drag Racing, hydroplane racing and late-model, stock-car racing.

Simply put, once an RJR brand or outside business has determined that they would like to be involved in motor sports or other special events, SME is the best there is at making it happen.

Q: The proposed FDA regulations on marketing cigarettes would greatly impact RJR's business. How would passage of these regulations affect your areas of responsibility?

A: Let me start by saying that we continue to be confident that the industry will prevail on this issue because we believe that the law is clearly in our favor. However, given that nothing is guaranteed, we must have our options ready — and we continue to work through that. While it would not be appropriate to go into specifics, let me assure you that, should we need to, the various departments and employees of this company will draw on their commitment, expertise and creativity and continue to find ways to reach franchise and competitive smokers with information about our brands.

Q: What two things do you like most about your job at Reynolds Tobacco Company?

A: There are a lot of things I like about my job at RJR, which is the only company I have ever worked for. But if you hold me to the two things I like most about my job, I would have to say — the challenge and the people. Say what you want about the tobacco industry, but it can never be defined as dull or boring. Every day is a challenge, offering different opportunities and issues to work through. And, the people here are exceptional. Every individual is different, with varying talents and interests. But there is a special bond and sense of purpose among all RJR employees that is consistent throughout all departments, functions and areas within the company. ■

Moonlight launches new brand

Something new is brewing under the moon!

There is something new under the moon at Reynolds Tobacco. The Moonlight Tobacco Co., a division of RJR, introduced a new brand during March — House Blend. The brand was launched in limited retail distribution in New York; Chicago; Seattle; Cleveland; Portland, Oregon; and the state of North Carolina — the six markets in which Moonlight is currently testing its other micro-cigarette brands.

House Blend, available in full-flavor and lights, is the first cigarette brand designed to complement a cup of coffee. While House Blend does not taste like coffee, the brand offers a uniquely aromatic blend that delivers a robust, smooth flavor. According to Melinda Simmons, general manager of Moonlight Tobacco Co., House Blend is another example of Moonlight Tobacco's commitment to providing adult smokers with new brand choices.

"Moonlight Tobacco is based on an art-driven concept, which starts with a brand idea, progresses to unique packaging design and is carried through in the development of innovative cigarettes," says Simmons. "Each Moonlight brand is based on a different, total-brand concept, which allows us to offer adult smokers new and innovative brand choices like House Blend."

As with all Moonlight brands, both styles of House

Blend are packaged in boxes. The main graphic on House Blend packaging is an abstract illustration of a man in a derby-style hat enjoying a cup of coffee and a cigarette. House Blend's positioning as a complement to coffee is reinforced by the brand's packaging, which is printed in vivid light- and dark-brown tones with gold accents. Wraparound stripes of color (red for full-flavor, blue for lights) on the top and bottom of the brand's packaging distinguish the two styles offered by House Blend. The

illustration used on House Blend's packaging is also printed on the tipping paper of each cigarette.

Simmons notes that packaging not only reinforces Moonlight brand concepts, but also plays a critical role in the proposition's advertising. "A recently introduced series of

Moonlight advertising executions is designed to leverage the proposition's

multi-brand concept, as well as highlight each brand's point of difference," she says.

Created in a 1950s-era "pop-art" style, the new advertisements use illustrations of nostalgic household icons to communicate Moonlight's artistically based concept and unique brand distinctions. For example, The House Blend execution reinforces the brand's positioning as the first cigarette brand designed to complement coffee. It pictures an open Thermos, with graphics that mirror House Blend's packaging. The ad's tagline reads "As Satisfying As a Good Cup of Coffee." Both Moonlight's packaging and advertising are designed by Cornerstone Design in New York.

Moonlight Tobacco Co. introduced its first seven brands (Sedona, B's, Politix, Jumbos, North Star, City and Metro) in September of 1995. Two additional brands (Planet and Icebox) were introduced in May of 1996. With the introduction of House Blend, four of Moonlight's original brands (Politix, North Star, City and Metro) were retired from its brand family. According to Simmons, these brand retirements are part of Moonlight's overall concept.

"From the outset, we have said that Moonlight was a very flexible concept, and sometimes existing brands would have to be retired in order to make room for new brands," Simmons says. "When you test-market nine brand ideas, you certainly do not expect all of them to



The advertising for House Blend, Moonlight's newest brand, reinforces the brand's positioning as the first cigarette brand designed to complement coffee.



Under the Moonlight umbrella, Melinda Simmons, general manager of Moonlight Tobacco, and Michael Lamphier, assistant marketing manager, work to provide adult smokers with innovative brands in unique, art-driven packaging.

sell at the same level. Such is the case with City, North Star, Metro Lights and Politix. Although all four of the brands sold fairly well in the cities in which they were marketed, they were not performing as well as Sedona, B's, Jumbos, Planet and Icebox.

"And it is also important to remember that Moonlight is a small-scale operation with very limited resources," Simmons says. "Since Moonlight cannot market unlimited brand ideas, we decided to support the 'best of the best' from our brand portfolio. In addition, retiring these four brands is allowing us to focus our marketing efforts and resources on the introduction of House Blend into Moonlight's six test-market locations."

All of Moonlight's current brands — B's, Jumbos, Sedona, Planet, Icebox and House Blend — are available to RJR employees at the Plaza Newsstand and the Whitaker Park Souvenir Store in Winston-Salem. ■

19 mg. "tar", 1.3 mg. nicotine av. per cigarette by FTC method. QUESTIONS/COMMENTS? CALL 1-800-415-1212



"GREAT SMOKIN' MENTHOLS"

SURGEON GENERAL'S WARNING: Smoking Causes Lung Cancer, Heart Disease, Emphysema, And May Complicate Pregnancy.

© 1997 MOONLIGHT TOBACCO CO.



Moonlight's new "pop-art" advertising campaign uses illustrations of nostalgic household icons to communicate the proposition's artistically based concept and unique brand distinctions.

RJR employee makes bold efforts

Janet Wheeler (left), R.J. Reynolds Tobacco's director of R&D planning/administration, was recently presented the 1997 Strong, Smart and Bold award by Ellen Doyle, chair of Women Working for Girls Committee.

Making a difference in the community takes the dedication of a strong, smart and bold individual. An individual who recognizes a need and strives to fulfill it. Janet Wheeler, director of planning and administration for R&D, is one woman who is using her talents to do just that.

Wheeler, who has been a volunteer for over 20 years, was recently given the 1997 Strong, Smart and Bold award. The award, which was presented by the Salvation Army's Girls Club, commends her efforts to advance opportunity and build the self-esteem of underprivileged girls in the Winston-Salem area.

Wheeler says her motivation to help young women stems from a desire to share the knowledge she has obtained throughout her life. "I feel that I have been blessed with special gifts," she explains. "Knowing that I am able to help these girls identify their potential is rewarding."

Wheeler has volunteered her time in various ways. She has participated in seminars for girls' and women's organizations, as well as helped facilitate diversity awareness training for R.J. Reynolds Tobacco Co. and the Triad Methodist Home (Arbor Acres). She has also served as a mentor for Operation Smart, a program developed by R&D employees aimed at encouraging students' appreciation of math and the sciences.

Vivian Turner, manager — contributions and community affairs for RJR says, "Janet has dedicated herself to working for the people of Winston-Salem, particularly African-American women. She deserves recognition." Along with Wheeler, nine other women were also commended for their outstanding volunteer service, including RJR retiree Velma Hopkins.

Anyone interested in volunteering for The Salvation Army's Girls or Boys Club should contact Pappi Conrad at 788-6563. ■

RJR supports Hispanic-focused program

Community members, volunteers, children and the news media gathered at Green Street Methodist Church in Winston-Salem recently for the official opening of their Hispanic-focused after-school program La Escuelita (Spanish for "little school"). Many local, school-aged Hispanic children will be able to take advantage of after-school tutoring, English classes and organized social activities offered by the center.

Funded by a \$10,000 grant from the R.J. Reynolds Tobacco Foundation, La Escuelita is the second after-school program sponsored by the Winston-Salem Downtown Church Center (WSDCC). WSDCC Director Paul Kennedy says the need for services prompted the program expansion. "There is a great necessity among our Hispanic students for assistance in doing their homework, learning English, enjoying fun social activities, and to be challenged to attain higher education."

The number of Hispanic residents in Forsyth County is estimated at 20,000, but recent projections indicate that by the year 2000, the number of residents will grow to 60,000. Hispanic student enrollment has also increased locally at Hall-Woodward, Speas, Latham, Brunson and Bolton elementary schools.

Vivian Turner, manager of contributions and commu-

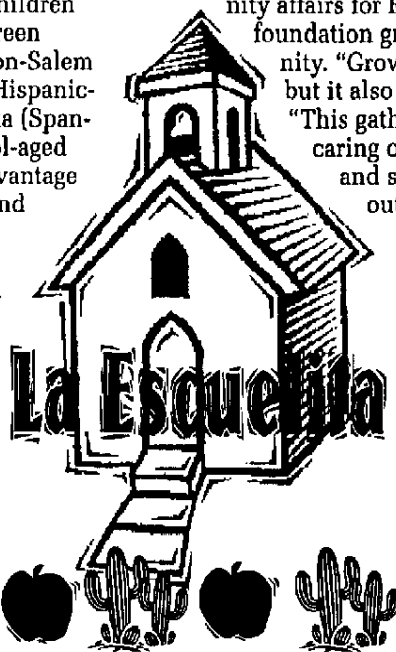
nity affairs for R.J. Reynolds Tobacco Co., says the foundation grant is an investment in the community. "Growth is important for our community, but it also brings new challenges," she says. "This gathering is a tribute to the vision and caring of many of our community members and shows support for their efforts to reach out to Hispanic children."

Under the leadership of bilingual staff and volunteers, Hispanic children will receive individualized guidance to help them succeed in school, master the English language and overcome cultural barriers.

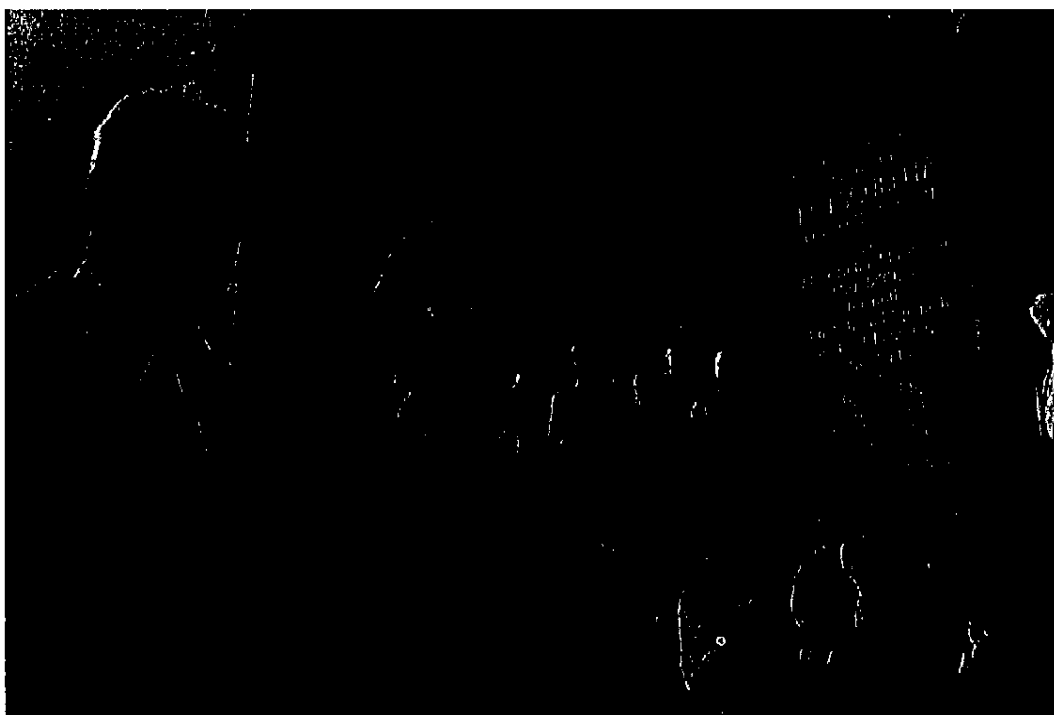
The establishment of La Escuelita is the result of community collaboration, two years in the works. School social worker Jeannette Flowe approached Kennedy in 1995, and expressed the urgent need for after school programs for Hispanic children. Kennedy carried the idea forward and began to network with organizations involved with the Hispanic community. Local

corporate and foundation funding brought the idea to reality.

A large, bright-green sign arrived the day before the grand opening just in time to be posted prominently on the church grounds. "Welcome to La Escuelita," the sign reads. "The little school." ■



RJR's Vivian Turner, (right) and Paul Kennedy, director of the Winston-Salem Downtown Church Center, attend the opening of "The Little School," an Hispanic-focused after-school tutoring program in Winston-Salem.





RJR's Debbie Lockery, (left) gives her little sister "high five" at a recent Bowl-a-thon fund-raising event for Big Brothers/Big Sisters.

Employee "bowl over" with enthusiasm

Debbie Lockery's enthusiasm for Big Brothers/Big Sisters of Forsyth County "bowl over" many of her friends. Lockery, an employee in marketing operations for RJR, is not only a Big Sister and on the agency's board of directors, but she also uses her organizational and bowling skills to raise money for the organization.

Every February for the past five years, Lockery has headed up a dedicated group of volunteers from R.J. Reynolds Tobacco Co., who have participated in the annual Bowl-for-Kids-Sake tournament, a fund-raiser for Big Brothers/Big Sisters. Big Brothers/Big Sisters is an organization that pairs children from single parent homes with mentoring adults from the community.

This year, enough RJR employees volunteered to form 56 teams from across the company. "We anticipate that more than \$20,000 will be collected from RJR pledges alone," Lockery says.

RJR's manufacturing division was

represented by teams for the second time. Ron Scott of Whitaker Park raised more than \$90 in pledges. "I'm looking forward to challenging Roy Sizemore pin-for-pin," says Scott.

Sizemore, of Tobaccoville, was on a team with Shields, Faye Everhart, Larry Gossett and team captain Joyce Jones. Tobaccoville second shift was also well represented, including Gary Brooks, Danny Crews, "Fast" Freddie Martin and Jackie White. "Fast Freddie," export coordinator on Unit 5-B Tobaccoville - second shift, is a regular bowler who belongs to two leagues.

RJR Vice President of Distribution and Logistics Harvey Freeman was on hand at the event to cheer on members of his department including Daryl Ball, Rick Gravatt, Jerry Kennedy, Dave Martin, Chris Todd and Linda Wood.

Andrais Brandon, of RJR's organizational development and training department, says, "As a Big Sister myself, I know firsthand the impact this agency has on the lives of young people from our community. People often ask, what can I do all by myself that can make a difference? Becoming a Big Sister has answered that question for me. As a Big Sister, you touch a teenager's life, and you can make a positive difference. All it takes is time and commitment." ■

Big Brothers & Big Sisters are needed

More than 125 children are on the waiting list of Big Brothers/Big Sisters of Forsyth County.

wanting to be matched with an adult volunteer. More than 100 boys are waiting for a Big Brother.

"That's the mission of Big Brothers/Big Sisters," says Bert Grizzard, agency director. We pair children ages 6 to 13 from single parent homes with adult volunteers who serve as mentors.

Many of these children are at risk based on their environment. A one-to-one match with a Big Brother or Big Sister can help these children develop skills they need to become contributing members of our community.

Results from a recent research study indicate that children who meet regularly with a Big Brother or Big Sister are less involved with drugs and alcohol, do better in school and have better relationships with their parents and peers.

"This study was the first to assess the impact of any major mentoring program in America," Grizzard says. "And the need is real. More than 12 million children in the United States live in one-parent families."

To volunteer as a Big Brother or Big Sister, or to find out more about the local program, employees should call the agency at (910) 724-7993 or call Debbie Lockery at 741-3123. Lockery has been active in Big Brothers/Big Sisters for more than five years. She is currently a member of the board of directors and is the incoming board president for 1990.

Big Brothers/Big Sisters is a funded member of the United Way of Forsyth County. ■

RJR's personal-selling ambassador



RJR employee Shirley Snow proudly shows off Camel luggage she won in RJR's Employee Personal Selling contest.

competitive-brand smokers and urge them to switch to an RJR brand by telling them about Camel, Doral, Salem and Winston, and offering coupons for free-trial packs.

In fact, Snow recently won the companywide Employee Personal Selling Contest. Snow, along with nine other employees, won a full set of Camel luggage as the top 10 employee producers of brand-conversion cards. After approaching a smoker, RJR employees fill out a card (called a brand-conversion card) to add the smoker's name to the brand's mailing lists so he or she will be able to receive additional RJR coupons. Snow properly filled out and sent in 116 competitive-smoker-conversion cards in the contest.

This is the second Personal Selling Contest Snow has captured. Last year, Snow won a contest in her department by completing 57 cards in less than a month.

"I'm still traveling on business, and I love to approach competitive-brand smokers at airports or hotels while I'm on the road," Snow says. "It's a challenge for me now to see how many cards I can fill out during a trip. I just filled out two cards yesterday in the Fort Lauderdale, Florida, airport."

Employee winners of the Personal Selling Contest are: Snow (116 cards), Grady Hutchens of printing services, William Tedder of printing

Shirley Snow of RJR's coupon operations department loves talking with people about her favorite subject — RJR brands. "I love the company, and it's very easy for me to talk with people I meet about the company and the great products we make," Snow says.

That's why Snow is an excellent ambassador of the company's Personal Selling program, where RJR employees approach adult

services, Carol Joyner of No. 603 Processing, Bernette Perguese of consumer relations, Linda Carroll of quality assurance, Charlotte Chubb of customer finance services, Herlina Southern of consumer relations, Brenda Adams of consumer financial services, Battle Hemrick of consumer relations, Rondal Mosteller of technical services, Larry Weavil of product quality assessment and Mitzi Wickline of product evaluation.

Ana Maria Henschke of RJR's brand marketing department says, "Personal Selling offers every employee the opportunity to help shape the success of our company. We're very proud of these 10 contest winners."

"Each and every one of these employees has gone the extra mile to accept the challenge of being involved with the Personal Selling program," Henschke says. "These contest results show that employees can approach competitive-brand adult smokers very effectively."

For more information on Personal Selling, call Henschke at 741-4487 or access Personal Selling information on the RJR Internet under "marketing" or "education training." ■

Get Free Coupons, Special Offers And More!

To be eligible just take a few seconds to complete this card! (Don't forget signature and birthday!)

OFFER RESTRICTED TO SMOKERS 21 YEARS OF AGE OR OLDER.

First Name: Shirley
Last Name: Snow
Address: 116 Camel
City: Winston-Salem
State: NC
Zip: 27104
Phone: 703/461-1111

Signature: Shirley Snow

1. Which pack did you receive today?
☒ Camel ☐ Doral ☐ Winston

2. What is your USUAL BRAND of cigarette?
☒ Camel ☐ Doral ☐ Winston

3. In your USUAL BRAND, check (X) one:
☐ Lights ☒ Non-Lights

4. Out of the LAST TEN times you bought cigarettes, how many times did you buy your USUAL BRAND?
Please enter a number between 0 and 10 in the boxes to the right.
0 1 2 3 4 5 6 7 8 9 10

5. What is your second choice brand (if any)?
Camel

6. Check (X) one of the following as it appears on your pack:
☒ Lights ☐ Mediums ☐ Lights ☐ Mediums ☐ Lights ☐ Mediums

7. Which are you a regular fan of? (Check (X) one)
☒ NASCAR Winston Cup Races ☐ NASCAR Winston Drag Racing ☐ Other Motorsports

8. Not a regular fan of any of these

Employee ID # 67547

FOLD, INITIALE, SEAL AND MAIL TODAY!

Above is an example of a properly filled out brand-conversion card. Personal Selling kits containing these cards will again be available to employees in May.

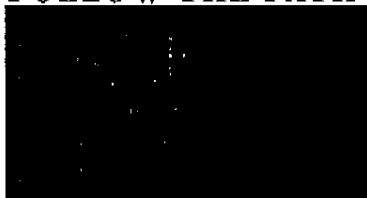
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THE PATH TO CHEMICAL SAFETY AT RJR

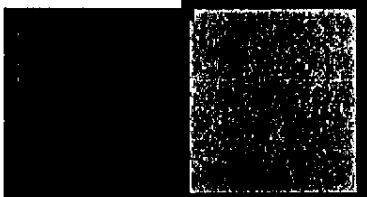


Whitaker Park employees (from left) Danny Deaton, KDF/Protos specialist, John Spigner, operator, and Unit 1 Coach Tony Carter discuss the need for a new cleaner.

FOLLOW THE PATH



John Spigner



Steve Sohn



Macks Sizemore, supervisor of factory service, and forklift driver Hilton Stone Jr. move the cleaner after it arrives at the Whitaker Park dock.

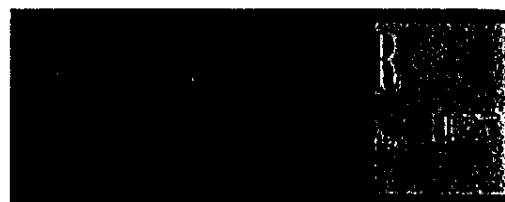
R.J. Reynolds Tobacco Co. takes pride in the methods it uses to protect not only the environment, but also employee safety and well-being, and company work-site conditions. The process of evaluating and approving a substance involves many employees in at least 16 steps. RJR tracks more than 25,000 substances used throughout the company in everyday work situations, from cleaning solutions to inks used in the printing packaging materials to office copier supplies.

"Teamwork is what makes the process work," says John Potter, director of environmental, safety and emergency services. "Our main focus is always on the safety and well-being of our employees and their environment. We've built one of the best environmental and safety programs in the nation, and it is staffed by professionals who are dedicated to our mission."

To show the process, *Caravan* created a flow chart tracking the introduction of a substance — such as a new machine cleaner — from the point of purchase, to the time it's used in the factory to disposal.

Follow the numbers on the path and meet some of the RJR employees associated with each phase in the process.

Tracy Smith



Bill Howard



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Don Maloy Mike Kingman



Mike Edens

Carl Martin



(From left) Mike Kingman and Don Maloy of information resources review the computer application they created to track chemicals used at RJR.

Larry Coplin

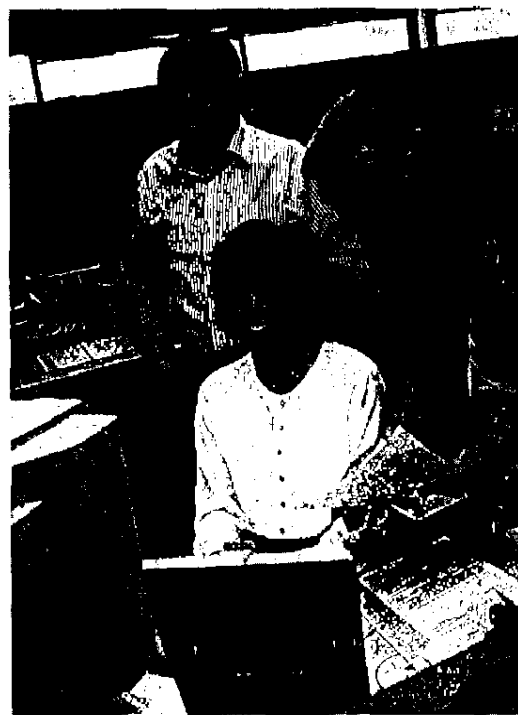
Mary Ann Rucker



(From left) Carl Martin, Mary Ann Rucker and Jerry Gordon enter chemical information into the Material Safety Data Sheet (MSDS) system.



Rick Larrimore



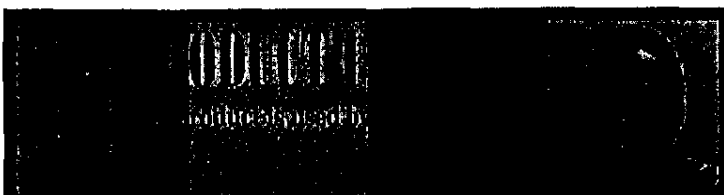
A team of air-quality experts conducts a test on the exhaust stacks on the roof of Whitaker Park. (From left, top row) Max Hopkins, RJR senior engineer - manufacturing; Les Strumfels, Forsyth County Environmental Affairs Department; (front row) contractor Tom Wynn and Rob Russ, also of the County, check air-emission levels.

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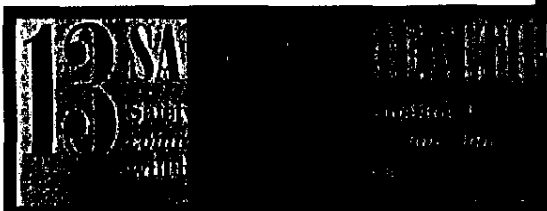


(From left) John Spigner, Fred Franklin and Tony Carter review chemical safety precautions.

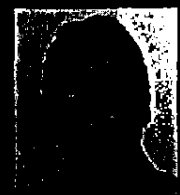
Hilton Stone



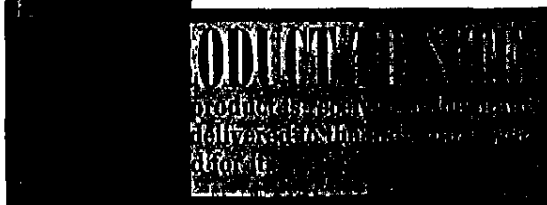
Macks Sizemore



Fred Franklin



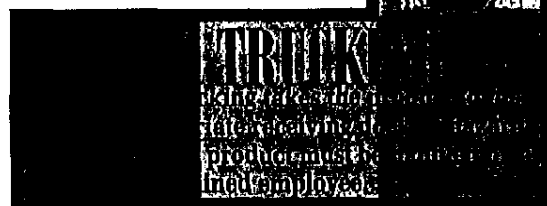
Gene Cook



B.J. Simmons



John Sullivan



George Lamb



Charles Leonard



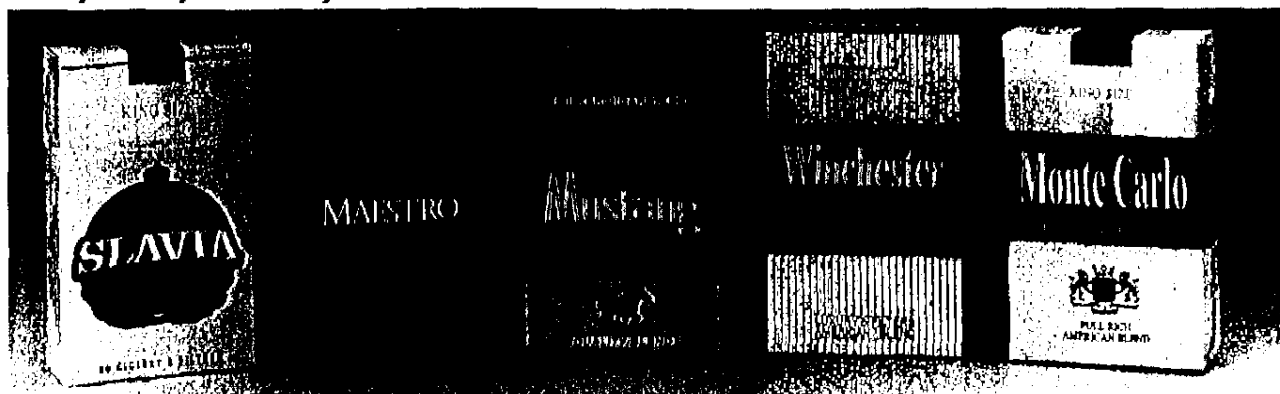
(From left) RJR truck driver B.J. Simmons, Chris Todd of trucking and Rick Larrimore of Central Supply discuss safe-handling procedures for the chemical from supply to the factory.

51847 8922

International news

East & Central Europe and Turkey

Top-quality American blends in demand



Poland, Romania, Turkey, Bulgaria, Hungary, Adriatica, the Czech Republic and Slovakia — these are the markets that make up RJR's East and Central European Region. With a total population of 175 million, the markets in these countries are both large and diverse. Where consumer choice has increased, a new middle class is emerging which is interested in high-quality branded goods. However, relative spending continues to be influenced by economic and political difficulties.

Cigarette consumption in the region totals 350 billion units. Many of RJR International's competitors chose to "buy into" the market by purchasing local monopolies that controlled the local base-priced brands, which account for about 50 percent of the market. RJR chose largely not to compete in this segment, preferring to concentrate its investment and become a leading competitor in higher margin and growing

categories — the premium, mid-price segments and popular segments.

The premium and mid-price segments represent about 25 percent of the total market, though that percentage varies widely from market to market. Given their small size and the desire of many adult smokers to smoke top-quality American-blend brands, these segments can only grow in the future. RJR International's Camel and Winston brands have been seeing good growth. By investing in its brands, RJR is one of the leading competitors, along with Philip Morris.

Overall, consumer purchasing power remains low, but the fastest growth has come with adult smokers trading up gradually from cheaper brands.

RJR wants to challenge for leadership in all the segments the company competes in and to ensure that RJR achieves this, a number of brand projects and new introductions have been initiated. ■

Czech pride shows in 'Slavia' brand



Most every consumer looks for good quality and price when making a purchase. R.J. Reynolds International has discovered, however, that the Czech adult smoker looks for a bit more.

The citizens of the Czech Republic take pride in their country, and look for products that carry a piece of that heritage. RJR International has created Slavia for Czech smokers, offering a cigarette brand that not only features outstanding quality and pricing, but also reflects the pride of the Czech people.

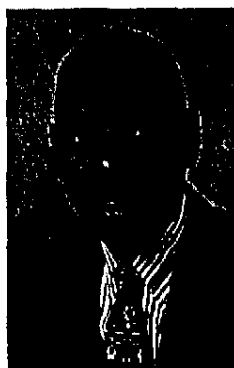
The name Slavia carries Czech and traditional connotations, a theme which is reflected in the packaging of the brand.

Slavia sells in the low-end price segment of the market. Currently, the Czech cigarette market is dominated by local brands, all of them positioned in the popular and base price segments. Despite the growth of international cigarettes, those segments are expected to remain stable over the next two years, with more than 70 percent share of the market. While RJR's brand portfolio covers all of the Czech market — Camel in premium, Winston in mid-price and Monte Carlo in the popular price segment — all are positioned as international brands. ■

R.J. Reynolds applauds five new VPs



Frances V. Creighton



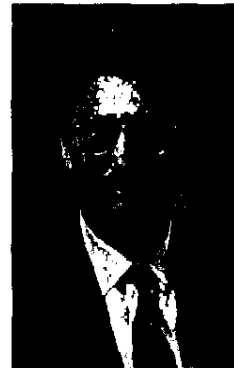
Tommy L. Hickman



Edmund (Ned) C. Leary



Dianne Neal



Douglas W. Shouse

R.J. Reynolds Tobacco Co. has recently promoted five outstanding individuals to vice president.

Frances V. Creighton has been promoted to vice president of marketing - Camel. Creighton previously held the position of marketing director for the Camel business unit.

Tommy L. Hickman has been promoted to vice president of operations planning and quality assurance for RJR. Hickman, who was previously director of operations, will be responsible for coordinating production planning activities and overseeing RJR's quality assurance functions.

Edmund (Ned) C. Leary has been promoted to vice president of marketing - Winston.

Leary previously held the position of marketing director for the Winston business unit.

Dianne Neal has been promoted to the newly created position of vice president and controller for RJR. Neal will assume responsibility for the areas of credit, customer financial services, disbursements, payroll and the coupon redemption center. Prior to her promotion, Neal held the position of director - financial planning and accounting. She will continue to maintain responsibility for financial planning and accounting.

Douglas W. Shouse has been promoted to vice president of marketing - Salem. Shouse previously held the position of marketing director for the Salem business unit. ■

Employees receive prestigious award



Twelve Reynolds Tobacco Co. manufacturing division employees were recently given the prestigious Joshua Award. This award is the highest honor given to manufacturing employees who continuously go beyond the duty of their jobs to help others. The winners are selected by a committee of volunteers from the division. Winners for this quarter are: (from left) Barbara Gregory, Calvin Turner, Melvin Nelums, Paul Barney and Maxine Broadway. Back row (from left) Johnny Hall, Timothy Priddy, Donald Love, Benny Smith, Charles Dubose and Jackie Henshaw. William Whitaker (not pictured) was also given the award. Along with a plaque, winners received a commemorative coin, representing a good luck charm passed down from generation to generation in Richard Joshua Reynolds' family, called the Joshua Coin.

51847 8924

Camel gives smokers 'what they're looking for'

As an employee of R.J. Reynolds Tobacco Co., it is easy to see camels wherever you go. But have you ever seen this trademark wavering in the smoke of a cigarette? Now, with the creation of a new Camel marketing campaign, you and countless other adult smokers across the country will have the chance to witness just that.

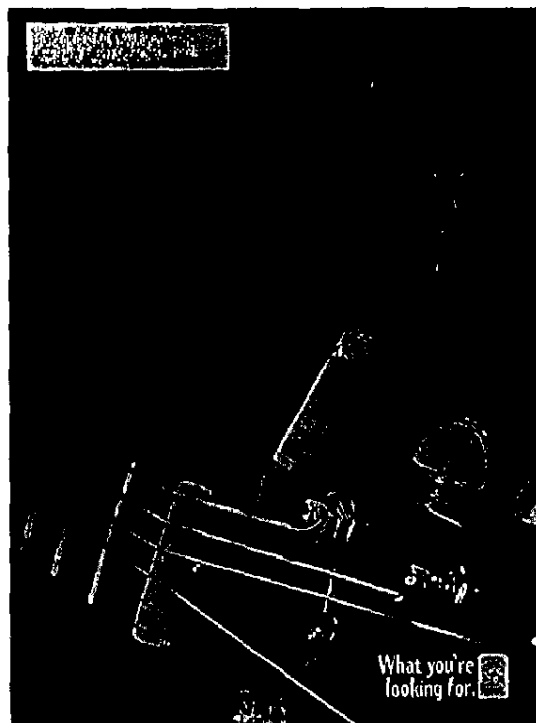
In March, Camel began running the first of four new advertisements. The campaign features the image of a camel cleverly positioned in the smoke of a cigarette, in the flame of a lighter, or in the watermark from a lifted glass. The ads, which include the tag line "What You're Looking For" and the Camel pack symbol, were developed by the Mezzina Brown agency in New York.

"Adult smokers look for a brand that fits their lifestyle," says Fran Creighton, vice president of marketing - Camel. "Camel revolves around the image of individualism, adventure, fun and wit. Like other consumer-product advertisers, we continually search for relevant ways to communicate this message to both Camel and competitive-brand adult smokers."

The ads, which capture a metropolitan feel, will run in publications such as *Spin*, *Details* and *Rolling Stone*. The Joe Camel campaign will be reserved for magazines such as *Sports Illustrated*, *Entertainment Week* and *Vogue*.

According to Monica Moorefield, marketing manager - Camel, the new campaign is drawing the attention of consumers. "The ads are innovative. They are exciting. It is easy to see why smokers are responding positively to the campaign."

Creighton adds that the advertisements are not an attempt to phase out Joe Camel. "No one should view this as an intent to walk away from Joe Camel, as many media reports have suggested. Joe remains a key part of the Camel brand advertising and promotional programs." ■



New Camel ads feature a cleverly positioned image of a camel along with the tagline: "What you're looking for."

51847 8925

RJR shows commitment for minority suppliers



RJR Senior Vice President of Operations Jim Wilson (left) welcomes John Enoch, president of General Maintenance, and Ernie Pitt, publisher of the Winston-Salem Chronicle, to a recent Carolinas Minority Supplier Development Council luncheon.

Community and business leaders of Winston-Salem met recently at a luncheon to begin plans for an annual trade show and convention sponsored by the Carolinas Minority Supplier Development Council (CMSDC). The kick-off luncheon was given by R.J. Reynolds Tobacco Co.

The convention and trade show, called The Business Opportunity Conference, helps minority- and women-owned businesses of North and South Carolina promote their products and services.

At the luncheon, corporate business representatives and city and county officials of the Piedmont pledged their support — both in planning and funding — for the event.

Jim Wilson, RJR senior vice president of operations, addressed the group saying, "By attending this kick-off luncheon today, you are endorsing this project and acknowledging the importance you feel it will have on all our businesses."

Wilson continued, "We all want this event to be a success. Not only because it is the first time it will be held in Winston-Salem, or because this event traditionally draws more than 1,500 vendors, or because it is a great networking tool for minority- and women-owned suppliers in

North and South Carolina, but also, because we all benefit from the business relationships that will be forged at this conference."

Wilson concluded, "The local economic impact of the Business Opportunity Conference goes well beyond the number of people who will be hired to help with the trade show, beyond the dollars that these visitors will spend in our city, and beyond the hotel revenue. It goes to the heart of business in the Piedmont — where people work together, businesses grow together and hopefully succeed together."

Al White, CMSDC chairman of the board and RJR's minority supplier manager, said, "This conference is an event that Reynolds Tobacco Company believes in and will strongly support. In 1996 alone, RJR contracted more than \$105 million of business with minority- and women-owned businesses."

White continued, "The Carolina Minority Supplier Development Council and Reynolds Tobacco have something very important in common — a long-standing commitment to helping minority and women entrepreneurs move into the mainstream of the country's economy. Creating business opportunities for them broadens our supplier base and adds another layer of competition to the free-market system resulting in better prices for us and more business for the suppliers." ■



RJR Corporate Affairs Vice President Ben Ruffin (left) greets Marshall Mathers, Winston Salem/Forsyth County purchasing director, at a recent minority suppliers luncheon in Winston-Salem.

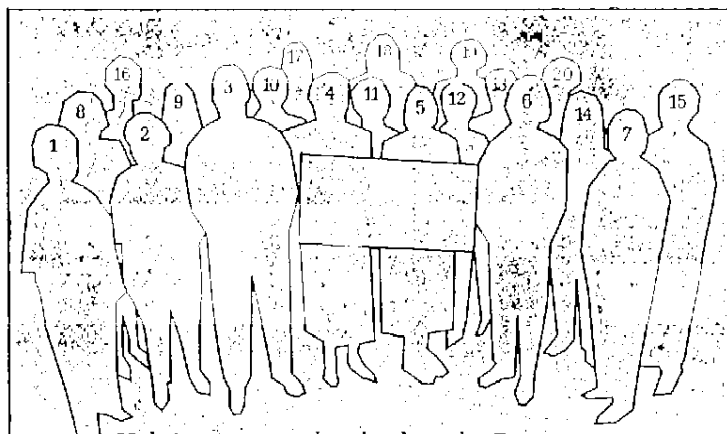
51847 8926



Marketing/Sales Council supports hospital

Representatives from RJR's sports marketing department and the Marketing/Sales Council, an organization for the administrative staff of the marketing and sales departments, recently presented Brenner Children's Hospital with a check for more than \$15,000. The Marketing/Sales Council sold RJR promotional items donated by RJR at the annual Winston Cup Preview to raise money for the hospital. The council has been managing this sale for four consecutive years. "And its a win/win situation," says Lee-Ann Brewer, council president. "The children's hospital receives a donation, and through the sale, RJR reduces inventory on out-of-date materials and eliminates some storage costs."

The Marketing/Sales Council is an organization that was formed seven years ago to enhance educational opportunities and promote mutual support between administrative staff members of RJR's marketing and sales departments. During the Winston Cup Preview, held prior to the opening of the NASCAR season, Winston Cup drivers met and signed autographs for fans. ■



Helping present the check to the Brenner Children's Hospital were (from left):

- | | |
|---------------------|-----------------------|
| 1. Mary Ruth Crim | 11. Cindi Hutchins |
| 2. Bonnie Tucker | 12. Jean Dwigins |
| 3. Mitch Cox | 13. Linda Williard |
| 4. Diane Crookenden | 14. Forestine Douthit |
| 5. Lee-Ann Brewer | 15. Kaye Spough |
| 6. Mary Reynolds | 16. Mickie Cox |
| 7. Charlotte Harvey | 17. Barbara Berry |
| 8. Avis Gray | 18. Joan Roggenkamp |
| 9. Debbie Wooten | 19. Jeannette Smith |
| 10. Susan Hicks | 20. Debbie Irvin |

SERVICE AWARDS

35 YEARS - FEBRUARY

R.G. Bowman
Trucking general

Arthur D. Hepler
Trucking general

James T. Isley
Packaging purchasing

Kenneth R. Leonard
Trucking general

30 YEARS - FEBRUARY

Bobby G. Brooks
Whitaker Park making and packing

Thomas M. Bullard
Tobaccoville making and packing

Marion K. Canty Jr.
Whitaker Park making and packing

Samuel Canty Sr.
Tobaccoville making and packing

Larry W. Carter
Tobaccoville making maintenance

R. Susan Clapp
Human resources

Charles F. Cogger
Whitaker Park primary

Samuel H. Coggins
Trucking general

Franklin D. Doss
Tobaccoville making and packing refurbishment

Johnny L. France
Tobaccoville making and packing

C.R. Fulp
Cigarette manufacturing

Cornell V. Gwyn
Tobaccoville making and packing

John L. Hairston
Trucking general

James L. Hardy
Tobaccoville making and packing

Grady S. Hutchens
Printing services

Freddie T. Jackson
Whitaker Park making and packing

Tom J. Jessup
CO2 production

Bronson King Jr.
Tobaccoville making maintenance

D.J. Lawson III
Sales

James V. Little
Manufacturing production planning

George P. Nieuwenhuls
Tobaccoville making and packing

Ralph Rattley
Whitaker Park making and packing

David E. Robertson
Tobaccoville making and packing general

Harold L. Smith
R&D process technology and development

Russell P. Smith
Brands R&D

Larry J. Wood
Operations technical training

25 YEARS - FEBRUARY

S.M. Dellisola
Sales

C.W. Focko
Sales

F.A. Hoskins
Sales

R.G. Lehman
Sales

P.E. Schmidt
Sales

20 YEARS - FEBRUARY

James B. Adams
Tobaccoville making and packing

James T. Atkins
R&D planning/administration

Marvin D. Bonner
Tobaccoville making and packing

Cheryl C. Brooks
Packaging production planning

D.R. Camp
Sales

June S. Collins
R&D process technology and development

Stephanie H. Fields
Business strategy and planning

Frank K. Fulton
R&D planning/administration

George B. Gilliard
Downtown utilities

Ronald W. Halverson
Marketing/customer information systems

Margo E. Harvey
Distribution and logistics

Tully B. Hicks
Trucking general

Kaye K. Hobson
Executive

W.F. Hollifield Jr.
Manufacturing automation systems

M.C. Italiano
Sales

R.F. Kane
Sales

Vicki D. Martin
Business alliances and support services

Judith R. McKinney
Marketing operations

Gerald Mobley
Production support services maintenance general

C.E. Nunley
Sales

G. Bowman - 35

J. Isley - 35

K. Leonard - 35

M. Canty Jr. - 30

S. Coggins - 30

C. Gwyn - 30



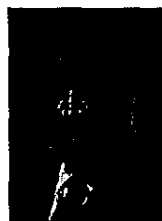
People



J. Hairston - 30



J. Hardy - 30



J. Little - 30



H. Smith - 30



J. Collins - 20



S. Fields - 20

(continued from page 17)

Walter L. Odom
Film press

T.A. Pollock
Sales

Jimmy R. Seamon
Trucking general

E.W. Slomin Jr.
Sales

D.T. Smith
Sales

Charles D. Tilley
Emergency services

Frances M. Tuttle
No. 604 plant services,
extruders

M.F. Washburn
Sales

15 YEARS - FEBRUARY

Michael R. DeHaven
Finance/leaf/packaging
systems

Thomas D. Johnson
Tobaccoville utility plant

Mleko K.D. Lee
Manufacturing automation
systems

David F. Miller
Sales

William C. Minner
Sales/marketing human
resources

Carl C. Morrison
Product development

Pankaj Patel
Packaging technology

Douglas J. Reitz
Sales

William E. Routh Jr.
Manufacturing general

John G. Vierra
Sales

10 YEARS - FEBRUARY

Joseph M. Ademino
Sales

Steven D. Come
Sales

Donna L. Doak
Sales

Michael D. Gullory
Sales

Brett M. Harrison
Sales

David E. Lindley
Brook Cove factory
maintenance

Michael J. McHugh
Sales

Richard A. Mitica
Sales

David P. Patterson
Sales

Renee S. Prevette
Law

Phillip E. Robchewski
Sales systems

5 YEARS - FEBRUARY

Robert W. Balmer
Sales

Jeffrey A. Barnett
Sales

Scott A. Beasley
Sales

Marianna Q. Conroy
Sales

Rachel J. Eaton
Federal government affairs -
Washington

Brad R. Franklin
Sales

James J. Hau
Sales

Catherine T. Norris
Sales

James Phillips
Sales

Thomas H. Randle Jr.
Sales

Arthur J. St. John
Sales

PROMOTIONS AND APPOINTMENTS

BRAND-MEDIA-DIRECT MARKETING

John B. O'Brien
to assistant marketing manager

FINANCE AND ACCOUNTING

LuAnn V. Hamby
to financial analyst -
intermediate

Judy C. Hardy
to financial analyst -
intermediate

E. Kenan Whitehurst
to director - finance
(full-price)

HUMAN RESOURCES

Joni L. Hanna
to senior administrative
assistant

INFORMATION RESOURCES

Christine R. Crater
to systems project manager

Raymond G. Nilfong
to programmer/analyst II

MANUFACTURING MAKING AND PACKING

Gary E. Harris
to packing machine operator -
GDX-500

Patricia K. Koger
to making machine operator -
Protos

James R. Mabe
to making machine operator -
Protos

Steven G. Matthews
to packing machine operator -
GDX-500



F. Fulton - 20

Brenda R. Moore
to making machine operator –
Protos

Steve D. Richardson
to making machine operator –
Protos

Johnny T. Simmons
to making machine operator –
Protos



R. Halverson - 20

MANUFACTURING PRIMARY

Larry M. Mabe
to IVO/CRT operator

MANUFACTURING TOBACCO PROCESSING

James H. Phillips
to extractor operator "A"

Merle T. Speer
to extractor operator "A"

Mark A. Vernon
to mechanic – processing



W. Odom - 20

PURCHASING

Brenda S. Garner
to director – purchasing –
marketing and sales support

Ellie C. Welborn
to manager – purchasing –
information center and direct
materials



F. Tuttle - 20

RCFCU

Laneta S. Jones
to loan interviewer – RCFCU

Christy P. Palmer
to customer services assistant –
RCFCU

Julia R. Pardue
to administrative clerk – credit
card – RCFCU

Mary H. Pickard
to senior teller – RCFCU

RESEARCH AND DEVELOPMENT

Michael E. Burke
to pilot plant technician

Linda A. Crumpler
to manager – standard
chemistry/ISO systems

Glenda L. Edgell
to senior R&D technologist

Roger G. Hayworth
to senior R&D associate

Kathy P. Putnam
to R&D technologist II

Brenda H. Redd
to R&D associate

Mitchell F. Stiles
to biologist III

RJR PACKAGING

Larry W. Craver
to senior technologist –
packaging

Leonard T. Crim
to lead ink
and adhesive preparer

William C. Slate Jr.
to assistant rotogravure press
operator

Stephen H. Willard
to engineering technologist III –
packaging

SALES

Lawrence J. Horan
to retail manager –
Midwest sales area

Nell T. Keller
to division sales manager –
Western sales area

SAVINGS BRANDS

Linda C. Shieh
to marketing manager

IN MEMORIAM

Alvin M. Bryant
45, a lead production
technician – electrical at
Tobaccoville cigarette manufac-
turing, died Jan. 26. A resident
of Winston-Salem, N.C., he had
16 years of service with the
company.

Bascom K. Harrison Jr.
45, a senior specialist in
international support – export
services, died Jan. 28. A
resident of Lewisville, N.C., he
had 22 years of service with the
company.

Willie A. Ingram
52, a caster operator –
packaging at No. 200 sheet
production, died Feb. 13. A
resident of Kernersville, N.C.,
he had 24 years of service with
the company.

Phyllis Ann Mundy
49, a packing machine
operator – GDX-1 at
Tobaccoville making and
packing, died March 2. A
resident of East Bend, N.C., she
had 30 years of service with the
company.



RJR wins Community Leadership Award

R.J. Reynolds Tobacco Co. was recently honored by the United Way of Forsyth County for its tradition of generous support of the community and the United Way by establishing a namesake award. Called the R.J. Reynolds Community Leadership Award, the inaugural award was given by United Way President Ron Drago (left) to RJR Vice President of Community Affairs Don Haver at the annual meeting of the United Way. Reynolds Tobacco was selected as the award recipient to highlight the company's long-standing support of the United Way through corporate donations, employee gifts and employee volunteerism. Beginning in 1998, this award will be given annually by the United Way to a local corporation to recognize businesses that have a tradition of supporting the community, the United Way and its member agencies.

Caravan

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